ALTIUS MINERALS CORPORATION

Condensed Consolidated Financial Statements
For the three and six months ended
October 31, 2016 and 2015
(Unaudited)

ALTIUS MINERALS CORPORATION

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ALTIUS MINERALS CORPORATION

Condensed Consolidated Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at,

	Note #	October 31, 2016	April 30, 2016
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	14	**13,152**	9,577
Accounts receivable, prepaid expenses, and deposits		**4,004**	15,473
Income taxes receivable		**1,874**	1,623
		19,030	26,673
Non-current assets			
Interests in joint ventures	6	**227,343**	229,540
Royalty and streaming interests	8	**148,072**	75,941
Mining and other investments	7	**25,961**	34,636
Exploration and evaluation assets	5	**27,491**	26,338
Goodwill		**10,998**	10,998
Deferred tax assets	9	**4,704**	4,866
Investment in associates		**2,465**	2,465
Property and equipment		**-**	35
		447,034	384,819
TOTAL ASSETS		**466,064**	411,492
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**1,776**	1,979
Current portion of debt	10	**9,250**	8,000
		11,026	9,979
Non-current liabilities			
Long-term debt	10	**75,113**	56,125
Deferred tax liabilities	9	**22,955**	25,173
		109,094	91,277
EQUITY			
Shareholders' equity		**356,823**	320,003
Non-controlling interest		**147**	212
		356,970	320,215
TOTAL LIABILITIES AND EQUITY		**466,064**	411,492

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Earnings (Loss)

(Unaudited - In thousands of Canadian dollars, except per share amounts)

	Note #	Three months ended October 31, 2016	Three months ended October 31, 2015	Six months ended October 31, 2016	Six months ended October 31, 2015
		$	$	**$**	$
Revenue	11	**5,463**	3,085	**10,051**	6,438
Costs and Expenses					
General and administrative	11	**1,791**	1,616	**3,059**	3,613
Cost of sales - copper stream		**684**	-	**948**	-
Share-based compensation	13	**375**	(269)	**623**	165
Generative exploration		**433**	95	**628**	211
Exploration and evaluation assets abandoned or impaired	5	**-**	317	**-**	659
Mineral rights and leases		**117**	213	**330**	430
Amortization and depletion	8	**2,931**	1,738	**5,540**	3,574
		6,331	3,710	**11,128**	8,652
Earnings from joint ventures	6	**3,064**	3,561	**5,755**	6,904
Gain on disposal of investments and impairment recognition	7	**357**	606	**5,541**	544
Interest on long-term debt		**(1,479)**	(1,405)	**(4,929)**	(2,852)
Foreign exchange loss		**(444)**	-	**(1,370)**	-
Unrealized gain(loss) on fair value adjustment of derivatives		**-**	219	**-**	219
Share of loss and impairment in associates		**-**	(2,697)	**-**	(3,287)
Earnings (loss) before income taxes		**630**	(341)	**3,920**	(686)
Income taxes (current and deferred)	9	**343**	799	**595**	996
Net earnings (loss)		**287**	(1,140)	**3,325**	(1,682)
Net earnings (loss) attributable to:					
Common shareholders		**341**	(1,140)	**3,390**	(1,682)
Non-controlling interest		**(54)**	-	**(65)**	-
		287	(1,140)	**3,325**	(1,682)
Net earnings (loss) per share					
basic	12	**0.01**	(0.03)	**0.08**	(0.04)
diluted	12	**0.01**	(0.03)	**0.08**	(0.04)

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Comprehensive Earnings (Loss)

(Unaudited - In thousands of Canadian dollars)

	Three months ended October 31,		Six months ended October 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Net earnings (loss)	**287**	(1,140)	**3,325**	(1,682)
Other comprehensive earnings (loss), net of tax				
To be reclassed subsequently to profit or loss:				
Net unrealized gain (loss) on available-for-sale investments (net of deferred income taxes year to date of $243 (2015 - $273))	**(313)**	1,759	**1,311**	(2,966)
Adjustment for realized (gain) loss on available-for-sale investments recognized in net earnings (net of deferred income tax recovery year to date of $669 (2015 - $5))	**(451)**	63	**(4,382)**	31
Total comprehensive earnings (loss)	**(477)**	682	**254**	(4,617)
Total comprehensive earnings (loss) attributable to:				
Common shareholders	**(423)**	682	**319**	(4,617)
Non-controlling interest	**(54)**	-	**(65)**	-
	(477)	682	**254**	(4,617)

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

		Six months ended October 31,	
	Note #	**2016** $	2015 $
Operating activities			
Net earnings (loss)		**3,325**	(1,682)
Adjustments for operating activities	14	**(2,369)**	(4,814)
		956	(6,496)
Changes in non-cash operating working capital	14	**(806)**	2,552
		150	(3,944)
Financing activities			
Proceeds from long-term debt (net of costs of $1,584)	10	**101,116**	-
Repayment of long-term debt	10	**(84,274)**	(7,000)
Proceeds from issuance of shares (net of issuance costs of $2,548)	12	**37,714**	-
Dividends paid		**(2,604)**	(2,396)
		51,952	(9,396)
Investing activities			
Proceeds from sale of investments	7	**10,751**	3,775
Net cash from Callinan acquisition (net of share issue costs of $221)		**-**	22,654
Acquisition of Chapada copper stream	8	**(65,481)**	-
Proceeds from disposal of mineral properties		**-**	686
Cash received from joint ventures	6	**7,952**	11,961
Investment in joint ventures	6	**-**	(916)
Generative exploration		**(628)**	(211)
Exploration and evaluation assets, net of recoveries	5	**(1,088)**	(1,061)
Acquisition of investments	7	**(33)**	(26,839)
Acquisition of property and equipment		**-**	(15)
		(48,527)	10,034
Net increase (decrease) in cash and cash equivalents		**3,575**	(3,306)
Cash and cash equivalents, beginning of period		**9,577**	18,543
Cash and cash equivalents, end of period		**13,152**	15,237

Supplemental cash flow information (Note 14)

see accompanying notes to the Condensed Consolidated Financial Statements

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - In thousands of Canadian dollars, except share amounts)

	Common Shares		Other Equity Reserves	Accumulated Other Comprehensive (Loss) Earnings	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	#	$	$	$	$	$	$	$
			(Note 12)					
Balance, April 30, 2015	32,356,826	136,542	2,411	(1,229)	123,050	260,774	-	260,774
Net loss and comprehensive loss, May 1, 2015 to October 31, 2015	-	-	-	(2,935)	(1,682)	(4,617)	-	(4,617)
Shares issued under offering	7,573,297	96,332	-	-	-	96,332	-	96,332
Share issue costs	-	(161)	-	-	-	(161)	-	(161)
Dividends paid	-	-	-	-	(2,396)	(2,396)	-	(2,396)
Share-based compensation	-	-	1,787	-	-	1,787		1,787
Shares issued under stock option plan	1,979	42	(42)	-	-	-	-	-
Balance, October 31, 2015	39,932,102	232,755	4,156	(4,164)	118,972	351,719	-	351,719
Net (loss) earnings and comprehensive earnings, November 1, 2015 to April 30, 2016	-	-	-	7,865	(36,782)	(28,917)	-	(28,917)
Non-controlling interest	-	-	-	-	-	-	212	212
Shares repurchased and cancelled	(100,000)	(581)	-	-	(241)	(822)		(822)
Share issue costs	-		-	-	-	-	-	-
Dividends paid	-	-	-	-	(2,393)	(2,393)	-	(2,393)
Share-based compensation	-	-	416	-	-	416	-	416
Balance, April 30, 2016	39,832,102	232,174	4,572	3,701	79,556	320,003	212	320,215
Net earnings and comprehensive (loss) earnings, May 1, 2016 to October 31, 2016	-	-	-	(3,071)	3,390	319	(65)	254
Shares repurchased and cancelled	(90,000)	(561)	-	-	(310)	(871)	-	(871)
Shares issued under offering (Note 12)	3,578,800	40,262	-	-	-	40,262	-	40,262
Share issue costs (Note 12)	-	(1,856)	-	-	-	(1,856)	-	(1,856)
Warrants issued (Note 12)	-	-	947			947		947
Dividends paid	-	-	-	-	(2,604)	(2,604)	-	(2,604)
Share-based compensation (Note 13)	-	-	623	-	-	623	-	623
Shares issued under long-term incentive plan	14,752	200	(200)	-	-	-	-	-
Balance, October 31, 2016	**43,335,654**	**270,219**	**5,942**	**630**	**80,032**	**356,823**	**147**	**356,970**

see accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation ("Altius" or the "Corporation") is a diversified mining royalty, streaming and mineral project generation company with royalty and streaming interests in 14 operating mines located throughout Canada and Brazil. The royalty and stream interests cover mining operations producing copper, zinc, nickel, cobalt, precious metals, potash and thermal (electrical) and metallurgical coal. The Corporation holds other pre-development stage royalty interests, and several other earlier stage royalties that were created through project generation. It also holds equity interests in non-precious metals royalty companies, as well as various junior mineral exploration companies that undertake a project generation and joint venture type business model.

Altius is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is Suite 202, 66 Kenmount Road, St. John's, Newfoundland and Labrador, Canada A1B 3V7.

These unaudited condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on December 14, 2016.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements have been prepared in accordance with *International Accounting Standards ("IAS") 34*, *Interim Financial Reporting* using the same accounting policies and methods of computation as the Corporation's most recent annual consolidated financial statements, except as described in Note 3. The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended April 30, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or available-for-sale investments which are measured at fair value. Additionally, these unaudited condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

3. ACCOUNTING POLICIES AND NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting policies applied in the Corporation's unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements as at and for the year ended April 30, 2016, other than as described below.

Segment reporting

During the previous quarter ended July 31, 2016, the Corporation closed a number of significant transactions which have resulted in management reassessing the internal financial reporting structure. Effective May 3, 2016, the Corporation completed its acquisition of Chapada (Note 8) and closed an equity and debt financing. In addition, the Corporation began a legal and tax reorganization to eliminate historical acquisition related structures and align the internal businesses with operational goals. As a result, the Corporation is managing its business under two operating segments consisting of:

3. ACCOUNTING POLICIES AND NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- the acquisition and management of producing and development stage mining royalty and streaming interests ("Royalties"), and;
- the acquisition and early stage exploration of mineral resource properties with a goal of vending the properties to third parties in exchange for early stage royalties and minority equity or project interests ("Project Generation").

Both business segments are evaluated with the goal of being financially self sustaining and profitable over the full commodity cycle. All assets are allocated between the segments and all revenues and expenses are allocated to each segment based on the specific nature of the revenue or expense. The reportable segments are consistent with the internal reporting structure of the Corporation which is provided to the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") who fulfill the role of the chief operating decision-maker ("CODM"). The CEO and CFO are responsible for assessing performance of the Corporation's operating segments and for making resource allocation decisions. Intersegment transactions are not significant and are eliminated on consolidation.

The comparative historical segment information has been restated (see Note 17) to reflect the Corporation's current reportable segments.

Intangible assets – streaming interest and streaming revenue

Streaming interests are initially recorded at their estimated fair value based on consideration paid to acquire the asset. These intangible assets have finite lives and are amortized and depleted over their useful economic lives on a units of production basis. The amortization and depletion expense is included in the statement of earnings. All intangible assets are reviewed for impairment indicators at each reporting period.

Streaming revenue is recognized when the underlying commodity is extracted, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Corporation and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

New and future accounting pronouncements

Adoption of amendments to accounting standards issued by the IASB which were applicable from January 1, 2016, as disclosed in the annual consolidated financial statements of the Corporation for the year ended April 30, 2016, did not have a material impact on the accounting policies, methods of computation, or presentation applied by the Corporation in these condensed consolidated financial statements.

The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective as disclosed in the annual consolidated financial statements as at April 30, 2016.

4. CRITICAL ACCOUNTING ESTIMATES

In preparing these unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Corporation's accounting policies, basis of consolidation and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended April 30, 2016, except as described below.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

4. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Streaming interest: The Corporation holds streaming interests in production stage mineral properties. The streaming interests are recorded at the fair value assigned to the assets and are being amortized and depleted using the units of production basis over the expected life of the related mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the streaming interest impact the measurement of the streaming interest. These estimates affect amortization and depletion and the assessment of the recoverability of the carrying value of the streaming interest.

5. EXPLORATION AND EVALUATION ASSETS

Project	Note	As at April 30, 2016	Additions/ Reclassifications, net of recoveries	As at October 31, 2016
		$	$	$
Labrador				
Natashquan River - Nickel		523	-	523
Julienne Lake/ Labrador West - Iron Ore		1,896	2	1,898
Other		100	75	175
Newfoundland				-
Buchans - Zinc		349	169	518
Katie - Zinc		181	8	189
Moosehead II - Gold		143	139	282
Taylor Brook - Nickel		276	-	276
Noel Paul - Gold		-	68	68
Wilding Lake - Gold	a	14	167	181
Other		-	41	41
Alberta, British Columbia & Saskatchewan				-
Coal	b	21,294	23	21,317
Potash		500	-	500
United States - Base metals		574	81	655
Ireland - Base metals		338	214	552
Security Deposits		150	166	316
Total		**26,338**	**1,153**	**27,491**

a. *Wilding Lake*

On September 15, 2016, the Corporation completed an agreement to option the Wilding Lake property (the "Project") to Northwest Arm Capital Inc. ("NWA"), a new TSX Venture Exchange listed Capital Pool Company. As consideration for the option of the Project, Altius will receive 4,500,000 shares of NWA, and upon earn-in by NWA the Corporation will retain a 2% net smelter return royalty over the Project. The shares in NWA were received subsequent to October 31, 2016. The agreement remains in good standing.

b. *Telkwa*

On October 29, 2016, the Corporation elected to receive its milestone option payment on the Telkwa Coal project ("Telkwa") in British Columbia in the form of shares. The private company optionee of Telkwa, Telkwa Coal Limited ("TCL"), has announced a conditional binding agreement to be acquired by an Australian based public issuer, Allegiance Coal Ltd. ("Allegiance"). Upon successful regulatory and shareholder approvals of the proposed transaction, the Corporation will hold shares of Allegiance while retaining a project level royalty

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

over the Telkwa project. Under the conditions of the existing agreement, TCL had the right to earn up to a 90 percent interest in the Telkwa project in exchange for staged milestone payments. The Corporation will retain both a sliding scale gross sales royalty that ranges between 3% and 4.5% (certain areas subject to underlying royalties) depending upon benchmark coal prices at the time of any coal sale and a 10% project interest. The shares in Allegiance were received subsequent to October 31, 2016 and mark the first milestone option payment on Telkwa.

Project	As at April 30, 2015	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at April 30, 2016
	$	$	$		$
Labrador					
Natashquan River - Nickel	514	9	-	-	523
Trough Copper	-	34	(34)	-	-
Julienne Lake - Iron Ore	1,638	258	-	-	1,896
Other - Uranium/Nickel	13	100	(13)	-	100
Newfoundland					
Buchans - Zinc	157	192	-	-	349
Taylor Brook - Nickel	276	-	-	-	276
Katie - Zinc	25	156	-	-	181
Moosehead II - Gold	9	134	-	-	143
Other - Gold	2	12	-	-	14
Quebec					
Fosse Gold	341	51	(392)	-	-
Alberta, British Columbia & Saskatchewan					
Coal	32,724	(8,990)	(500)	(1,940)	21,294
Potash	500	-	-	-	500
Manitoba					
War Baby	-	4,555	(4,555)	-	-
United States - Base metals	-	592	-	-	592
Ireland - Base metals	-	320	-	-	320
Security Deposits	150	229	(229)	-	150
Total	36,349	(2,348)	(5,723)	(1,940)	26,338

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

6. INTERESTS IN JOINT VENTURES

	LNRLP	Prairie Royalties	Other	Total
	$	$	$	$
Balance April 30, 2015	6,794	239,064	-	245,858
Additions	-	-	1,641	1,641
Earnings (loss)	593	4,991	(1,032)	4,552
Cash receipts	(1,670)	(20,232)	-	(21,902)
Reclassification	-	-	(609)	(609)
Balance, April 30, 2016	5,717	223,823	-	229,540
Earnings	-	5,755	-	5,755
Cash receipts	-	(7,952)	-	(7,952)
Balance, October 31, 2016	**5,717**	**221,626**	**-**	**227,343**

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership ("LNRLP"), a limited partnership that holds a 3% net smelter return royalty in the Voisey's Bay nickel-copper-cobalt mine located in Northeastern Labrador, Canada. The Corporation holds an indirect 52.369% interest in the Genesee Royalty Limited Partnership, the Coal Royalty Limited Partnership, and the Potash Royalty Limited Partnership, collectively the "Prairie Royalties LPs". The Prairie Royalties LPs hold the rights to subsurface minerals in respect of a portfolio of coal and potash properties in the Canadian provinces of Alberta and Saskatchewan and have entered into leases, or similar agreements, with mining companies and electricity utilities that, in return for payment of a royalty, grant these companies the right to exploit the subsurface mineral resources.

7. MINING AND OTHER INVESTMENTS

	$
Balance, April 30, 2015	17,085
Additions	31,474
Reclassification to available - for - sale investments	(6,409)
Disposals	(6,693)
Impairment recognition	(6,187)
Revaluation	5,366
Balance, April 30, 2016	34,636
Disposals	(4,960)
Impairment recognition	(250)
Additions	33
Revaluation	(3,498)
Balance, October 31, 2016	**25,961**

The Corporation disposed of investments having a carrying value of $4,960,000 for gross cash proceeds of $10,751,000 and recognized a gain on disposal of $5,791,000 during the six months ended October 31, 2016. The Corporation disposed of and reclassified investments having a carrying value of $9,835,000 for gross cash proceeds of $3,775,000 and non-cash proceeds of $6,604,000, and recognized a gain on disposal of $544,000 during the six months ended October 31, 2015. Included in the 2015 amounts was the reclassification of 2,901,000 shares in Callinan in accordance with IFRS 3.

The Corporation disposed of investments having a carrying value of $615,000 for gross cash proceeds of $1,222,000, and recognized a gain on disposal of $607,000 during the three months ended October 31, 2016. The Corporation disposed of investments having a carrying value of $2,479,000 for gross cash proceeds of $3,085,000 and recognized a gain on disposal of $606,000 during the three months ended October 31, 2015.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

8. ROYALTY AND STREAMING INTERESTS

	As at April 30, 2016	Additions / Reclassifications	**As at October 31, 2016**
	$	**$**	**$**
Royalty interests			
Rocanville	5,000	-	**5,000**
Esterhazy	3,000	-	**3,000**
Other potash	7,000	-	**7,000**
Coal & coal bed methane	8,000	-	**8,000**
777 Mine	47,356	-	**47,356**
Gunnison	5,300	-	**5,300**
Sheerness West	9,000	-	**9,000**
Streaming interest			**-**
Chapada	-	77,634	**77,634**
Balance, end of period	84,656	77,634	**162,290**
Accumulated amortization			
Royalty interests			
Rocanville	33	7	**40**
Esterhazy	32	7	**39**
Other potash	-	36	**36**
Coal & coal bed methane	800	167	**967**
777 Mine	7,850	4,015	**11,865**
Gunnison	-	-	**-**
Sheerness West	-	-	**-**
Streaming interest			**-**
Chapada	-	1,271	**1,271**
Balance, end of period	8,715	5,503	**14,218**
Net book value	75,941	72,131	**148,072**

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

8. ROYALTY AND STREAMING INTERESTS (CONTINUED)

	As at April 30, 2015	Additions / Reclassifications	As at April 30, 2016
	$		$
Royalty interests			
Rocanville	5,000	-	5,000
Esterhazy	3,000	-	3,000
Other potash	7,000	-	7,000
Coal & coal bed methane	8,000	-	8,000
777 Mine	-	47,356	47,356
Gunnison	-	5,300	5,300
Sheerness West	-	9,000	9,000
Balance, end of period	23,000	61,656	84,656
Accumulated amortization			
Rocanville	18	15	33
Esterhazy	15	17	32
Other potash	-	-	-
Coal & coal bed methane	400	400	800
777 Mine	-	7850	7,850
Gunnison	-	-	-
Sheerness West	-	-	-
Balance, end of period	433	8,282	8,715
Net book value	22,567	53,374	75,941

On May 3, 2016, the Corporation closed a copper purchase agreement (the "Agreement") related to the Chapada copper-gold mine located in central Brazil. The Corporation paid US$60,000,000 (CAD $75,820,000) and issued 400,000 common share purchase warrants to a subsidiary of Yamana Gold Inc. ("Yamana"). Under the terms of the Agreement, the Corporation is entitled to purchase 3.7% of the payable copper produced from the Chapada mine at 30% of the market price. The rate of payable copper is subject to reduction in the event of an expansion at Chapada or upon delivery of 75 million pounds of payable copper.

At October 31, 2016, $867,000 in acquisition costs have been capitalized to the asset, all of which were deferred as at April 30, 2016. The warrants were valued using the Black-Scholes option pricing model. The fair value calculated of $947,000 has been recorded as part of the streaming interest and the offsetting amount to equity.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

9. INCOME TAXES

Significant components of the net deferred income tax liability are as follows:

	October 31, 2016 $	April 30, 2016 $
Temporary differences related to exploration and evaluation assets, property and equipment and other	**(3,834)**	(3,850)
Non capital and net capital loss carryforwards	**1,310**	1,569
Carrying value of investments less than tax values	**(28)**	797
Deferred partnership income	**-**	(144)
Deferred and deductible share-based compensation	**620**	538
Share and debt issue costs	**2,235**	1,287
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	**(18,554)**	(20,504)
	(18,251)	(20,307)

	October 31, 2016 $	April 30, 2016 $
Deferred tax liabilities	**(22,955)**	(25,173)
Deferred tax assets	**4,704**	4,866
Total deferred income tax	**(18,251)**	(20,307)

Components of income tax expense are as follows:

	Three months ended October 31, 2016 $	Three months ended October 31, 2015 $	**Six months ended October 31, 2016 $**	Six months ended October 31, 2015 $
Current	**287**	1,293	**1,429**	3,205
Deferred	**56**	(494)	**(834)**	(2,209)
Total income tax	**343**	799	**595**	996

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

10. DEBT

At amortized cost	**October 31, 2016**	April 30, 2016
	$	$
Long-term debt	**84,363**	64,125
Current	**9,250**	8,000
Non-current	**75,113**	56,125
	84,363	64,125

On May 3, 2016, the Corporation obtained a senior secured debt facility of $150,000,000 (the "New Credit Facilities"), comprised of a $70,000,000, 4 year, amortizing term debt facility (the "Term Facility") and an $80,000,000, 3 year, revolving facility (the "Revolving Facility). The New Credit Facilities were provided by a consortium of lenders led by the Bank of Nova Scotia, as Lead Arranger and Administrative Agent, ING Capital LLC as Syndication Agent and Bookrunner, and Export Development Canada and the Toronto-Dominion Bank, as Lenders. The Term Credit Facility is repayable over a four year period with quarterly principal repayments of $2,000,000, commencing July 31, 2016 until July 31, 2017 and increasing to $3,250,000 thereafter, bearing interest at variable rates based on the total debt ratio. The Revolving Facility is payable in full in 3 years and includes a cash sweep mechanism. Additional draw-downs on the Revolving Facility are permitted for future qualifying royalty and streaming acquisitions.

On May 3, 2016, the Corporation drew down the full amount of the Term Facility of $70,000,000 and $32,700,000 CAD ($26,000,000 USD) on the Revolving Facility to repay its previous credit facility of $66,000,000 CAD, led by Sprott Resource Lending Partnership, and to pay a portion of the purchase price related to the Chapada copper purchase agreement (Note 8).

The New Credit Facilities allow for optional prepayments, without penalty, of principal upon notice. The Corporation and its material subsidiaries act as obligors under the New Credit Facilities. The lenders have taken a secured charge against all real property of the credit parties and share pledges of all the equity interests in each of the credit parties.

The Corporation recorded costs of $2,084,000 that are directly attributable to securing the New Credit Facilities, against the balance of the debt, and is amortizing these costs over the Term Facility using an effective interest rate of 5.78% and over the Revolving Facility on a straight line basis. During the six months ended October 31, 2016, $342,000 of the costs were recognized in the statement of earnings.

Net costs of $1,875,000, associated with the previous credit facility, were recognized in the statement of earnings in the six months ended October 31, 2016 (2015 - $384,000) after the repayment of the debt.

In accordance with the terms of the New Credit Facilities, the Corporation has repaid $18,274,000 during the six months ended October 31, 2016, of which $4,000,000 represented required quarterly principal repayments on the Term Facility. The balance of $14,274,000 ($11,000,000 US) was paid on the Revolving Facility.

As at October 31, 2016, the Corporation is in compliance with all debt covenants.

The following principal repayments for the New Credit Facilities are required over the next 5 years.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

10. DEBT (CONTINUED)

	$
2017	9,250
2018	13,000
2019	33,105
2020	30,750
2021	-
	86,105
Less: unamortized debt costs	1,742
	84,363

11. REVENUE AND GENERAL AND ADMINISTRATIVE

Revenue

	Three months ended October 31,		Six months ended October 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Royalty and stream	**5,096**	2,767	**9,186**	5,754
Interest and investment	**317**	316	**660**	682
Other	**50**	2	**205**	2
Total revenue	**5,463**	3,085	**10,051**	6,438

General and administrative expenses

	Three months ended October 31,		Six months ended October 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Salaries and benefits	**917**	633	**1,767**	1,971
Office and administrative	**238**	310	**457**	558
Professional and consulting fees	**479**	526	**638**	832
Travel and accommodations	**157**	147	**197**	252
Total general and administrative	**1,791**	1,616	**3,059**	3,613

12. SHARE CAPITAL

On May 3, 2016, the Corporation closed an equity financing under a short-form prospectus. The equity offering (the "Offering") consisted of 3,578,800 common shares of the Corporation at a price of $11.25 per common share, for aggregate gross proceeds of $40,261,500. The common shares were offered for sale pursuant to an underwriting agreement dated April 19, 2016 among the Corporation and a syndicate of various underwriters. On closing, the Corporation paid the underwriters a fee equal to 5.0% of the gross proceeds of the Offering.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

12. SHARE CAPITAL (CONTINUED)

The Corporation used the net proceeds of the Offering for general corporate purposes and to partially fund the Agreement with Yamana in connection with the Chapada copper-gold mine in Brazil. The Corporation paid share issuance costs of $2,548,000, which were recorded against equity and reported net of deferred tax of $794,000. At April 30, 2016, $388,000 of these costs had been deferred. The 400,000 warrants, issued to a subsidiary of Yamana, were assigned a fair value of $947,000 using the Black-Scholes option pricing model. The warrants expire on May 3, 2021 and have a strike price of $14.00.

Net earnings (loss) per share

Basic and diluted net earnings (loss) per share were calculated using the weighted average number of common shares for the respective periods.

	Three months ended October 31,		Six months ended October 31,	
	2016	2015	**2016**	2015
Weighted average number of shares:				
Basic	**43,378,436**	39,392,102	**43,338,404**	39,726,284
Diluted	**43,524,198**	39,392,102	**43,481,902**	39,726,284

Other equity reserves

Other equity reserves consist of share-based payment reserves of $2,927,000, warrants of $947,000 and contributed surplus of $2,068,000 for a total of $5,942,000. Share-based payment reserve amounts are in respect of stock options, deferred share units (“DSUs”), and restricted share units (”RSUs”).

13. SHARE-BASED COMPENSATION

	Three months ended October 31,		Six months ended October 31,	
	2016	2015	**2016**	2015
	$		**$**	$
Stock option expense	**71**	66	**209**	216
Share appreciation rights	**-**	28	**-**	(296)
Directors' deferred share unit expense	**208**	(454)	**224**	123
Restricted share unit expense	**96**	91	**190**	122
	375	(269)	**623**	165

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended October 31,	
	2016	2015
	$	$
Adjustments for operating activities:		
Generative exploration	**628**	211
Exploration and evaluation assets abandoned or impaired	**-**	659
Share-based compensation	**623**	165
Cash-settled stock appreciation rights	**-**	(208)
Unrealized foreign exchange loss	**1,204**	-
Amortization and depletion	**5,540**	3,574
Interest on long-term debt	**4,929**	2,852
Interest paid	**(2,912)**	(2,468)
Gain on disposal of investments and impairment	**(5,541)**	(544)
Unrealized (gain) loss on fair value adjustment of derivatives	**-**	(219)
Earnings from joint ventures	**(5,755)**	(6,904)
Share of loss and impairment in associates	**-**	3,287
Income taxes	**595**	996
Income taxes paid	**(1,680)**	(6,215)
	(2,369)	(4,814)
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**(625)**	4,842
Accounts payable and accrued liabilities	**(181)**	(2,290)
	(806)	2,552
Cash and cash equivalents consist of:		
Deposits with banks	**11,914**	10,206
Short-term investments	**1,238**	5,031
	13,152	15,237

15. RELATED PARTY TRANSACTIONS

As at October 31, 2016, the Corporation billed Mining Equity (a joint venture investment) for the reimbursement of exploration and consulting assistance totaling $158,000 (2015 - $141,000) which is included in the accounts receivable balance as at October 31, 2016 and 2015, respectively.

Strauss Partners Ltd., which is owned by director Jamie Strauss, was paid $50,000 (GBP 30,000) during the three months ended October 31, 2016 (2015 - $nil) for marketing and investor relations services.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consists of members of the Corporation's Board of Directors and corporate officers, including the Corporation's Executive Chairman, Chief Executive Officer and Chief Financial Officer, as well as two Vice Presidents reporting directly to a Corporate officer. Compensation paid to key management personnel and directors is as follows:

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

15. RELATED PARTY TRANSACTIONS (CONTINUED)

	Three months ended October 31,		Six months ended October 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Salaries and benefits	**350**	362	**1,446**	1,970
Share-based compensation	**375**	(269)	**623**	165
	725	93	**2,069**	2,135

These transactions are in the normal course of operations and are measured at the fair value amount, which is the amount of consideration established and agreed to by the related parties.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value on the condensed consolidated balance sheets are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; inputs that are derived principally from or corroborated by observable market data by correlation or other means; and estimates of expected volatility, expected life and expected risk-free rate of return, and;

Level 3 – valuation techniques with significant unobservable market inputs.

Fair values of the Corporation's financial assets and financial liabilities were determined as follows:

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

As at October 31, 2016:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	**1,238**	-	-	**1,238**
Mining and other investments	**25,961**	-	-	**25,961**
TOTAL FINANCIAL ASSETS	**27,199**	-	-	**27,199**
FINANCIAL LIABILITIES	-	-	-	-

As at April 30, 2016:	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	1,235	-	-	1,235
Mining and other investments	34,636	-	-	34,636
TOTAL FINANCIAL ASSETS	35,871	-	-	35,871
FINANCIAL LIABILITIES	-	381	-	381

Risk Management

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure. The Corporation does not utilize derivative financial instruments for trading or speculative purposes. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are included in the April 30, 2016 annual consolidated financial statements.

17. SEGMENTED INFORMATION

Key measures used by the CODM in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) (''adjusted EBITDA'') and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment.

Revenue and expenses from the LNRLP and Prairie Royalties joint ventures (see Note 6) are included in the Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment column of the table.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Three months ended October 31, 2016

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	9,916	50	9,966	(4,503)	5,463
Costs and Expenses					
General and administrative	1,235	711	1,946	(155)	1,791
Cost of sales - copper stream	684	-	684	-	684
Generative exploration	-	433	433	-	433
Mineral rights and leases	-	117	117	-	117
Adjusted EBITDA	7,997	(1,211)	6,786	(4,348)	2,438
Share-based compensation	(244)	(131)	(375)	-	(375)
Amortization and depletion	(4,182)	(33)	(4,215)	1,284	(2,931)
Earnings from joint ventures	-	-	-	3,064	3,064
Gain on disposal of investments and impairment recognition	-	357	357	-	357
Foreign exchange loss	(444)	-	(444)	-	(444)
Interest on long-term debt	(1,479)	-	(1,479)	-	(1,479)
Earnings (loss) before income taxes	1,648	(1,018)	630	-	630
Income taxes (current and deferred)					343
Net earnings					287

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Three months ended October 31, 2015

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	8,532	2	8,534	(5,449)	3,085
Costs and Expenses					
General and administrative	1,011	646	1,657	(41)	1,616
Mining taxes	93	-	93	(93)	-
Generative exploration	-	95	95	-	95
Mineral rights and leases	-	213	213	-	213
Adjusted EBITDA	7,428	(952)	6,476	(5,315)	1,161
Share-based compensation	161	108	269	-	269
Exploration and evaluation assets abandoned or impaired	-	(317)	(317)	-	(317)
Amortization and depletion	(3,481)	(11)	(3,492)	1,754	(1,738)
Fair value adjustment of deruvative	219		219		219
Earnings from joint ventures	-	-	-	3,561	3,561
Gain on disposal of investments	-	606	606	-	606
Interest on long-term debt	(1,405)	-	(1,405)	-	(1,405)
Share of loss and impairment in associates	-	(2,697)	(2,697)	-	(2,697)
Earnings (loss) before income taxes	2,922	(3,263)	(341)	-	(341)
Income taxes (current and deferred)					799
Net earnings (loss)					(1,140)

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Six months ended October 31, 2016

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	18,171	205	18,376	(8,325)	10,051
Costs and Expenses					
General and administrative	2,050	1,231	3,281	(222)	3,059
Cost of sales - copper stream	948	-	948	-	948
Generative exploration	-	628	628	-	628
Mineral rights and leases	64	266	330	-	330
Adjusted EBITDA	15,109	(1,920)	13,189	(8,103)	5,086
Share-based compensation	(405)	(218)	(623)	-	(623)
Amortization and depletion	(7,853)	(35)	(7,888)	2,348	(5,540)
Earnings from joint ventures	-	-	-	5,755	5,755
Gain on disposal of investments and impairment recognition	-	5,541	5,541	-	5,541
Foreign exchange loss	(1,370)	-	(1,370)	-	(1,370)
Interest on long-term debt	(4,929)	-	(4,929)	-	(4,929)
Earnings (loss) before income taxes	552	3,368	3,920	-	3,920
Income taxes (current and deferred)					595
Net earnings					3,325

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Cash flow from (used)					
Operating activities	9,538	(1,436)	8,102	(7,952)	150
Financing activities	51,952	-	51,952	-	51,952
Investing activities	(65,416)	8,937	(56,479)	7,952	(48,527)
Total cash flow (used)	(3,926)	7,501	3,575	-	3,575
Total assets as at October 31, 2016	419,540	46,524	466,064	-	466,064

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Six months ended October 31, 2015

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	18,316	2	18,318	(11,880)	6,438
Costs and Expenses					
General and administrative	2,344	1,445	3,789	(176)	3,613
Mining taxes	228	-	228	(228)	-
Generative exploration	-	211	211	-	211
Mineral rights and leases	64	366	430	-	430
Adjusted EBITDA	15,680	(2,020)	13,660	(11,476)	2,184
Share-based compensation	(99)	(66)	(165)	-	(165)
Exploration and evaluation assets abandoned or impaired	-	(659)	(659)	-	(659)
Amortization and depletion	(7,211)	(19)	(7,230)	3,656	(3,574)
Earnings from joint ventures	-	(916)	(916)	7,820	6,904
Gain on disposal of investments	-	544	544	-	544
Fair value adjustment - derivative	219	-	219	-	219
Interest on long-term debt	(2,852)	-	(2,852)	-	(2,852)
Share of loss and impairment in associates	-	(3,287)	(3,287)	-	(3,287)
Earnings (loss) before income taxes	5,737	(6,423)	(686)	-	(686)
Income taxes (current and deferred)					996
Net earnings (loss)					(1,682)

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Cash flow from (used)					
Operating activities	10,262	(2,245)	8,017	(11,961)	(3,944)
Financing activities	(9,396)	-	(9,396)	-	(9,396)
Investing activities	(4,185)	2,258	(1,927)	11,961	10,034
Total cash flow (used)	(3,319)	13	(3,306)	-	(3,306)
Total assets as at October 31, 2015	389,784	58,762	448,546	-	448,546

18. SUBSEQUENT EVENT

On November 24, 2016, the Province of Alberta announced that they had agreed to make payments to certain power producers to compensate them for the shut-down of their coal-fired electrical facilities in the Province of Alberta by 2030. The Corporation, through its joint venture, the Prairie Royalties LPs, has contracts to provide coal to one of the power producers through 2055. The Corporation is assessing what impact, if any, the announcement will have on its future cash flows, but is unable to quantify the impact at this time.